

Happy
New
Year



EMPLOYER NEWS 2018

Perriam & Partners Employer Newsletter

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DON'T HOLD YOUR BREATH FOR A PAY RISE

Liam Dann, NZ Herald's Business Editor wrote the following:

"Are you hoping for a big pay rise this year? Economists have high hopes you'll get one. Something has to give, right? We are heading into a ninth year of economic growth, unemployment is low and a new Government is lifting minimum wages and threatening to cut immigration. Inflation for prices and wages has been a non starter for several years now. The prevailing view is we must finally start to see a bit more of it about as global growth returns to normal.

In fact the consensus about the need for wage inflation is so broad that even many employers are hoping your wages will rise. Just not necessarily your employer, or your wages. Employers in many industries are struggling to find staff. Skill shortages consistently rate as big concerns in business confidence surveys.

Corporates are hot on creating funky work place environments, working hard to keep staff engaged and happy. Hotel company Marriott International rolled out a novel strategy to attract staff, hosting a recruitment open day in the hopes of recruiting 100 new staff for the Sheraton Hotel that opens soon in Auckland. Good for them!

If you can't get staff to do a job, maybe you need to be paying more. Unfortunately, that's a bit of an old fashioned idea. So why don't employers simply pay more? To be fair, it's not simple and along with questions about why price inflation is so sluggish, there is a lot of debate about it. Businesses are grappling with the same structural challenges as workers. Often they are running on low margins, unable to raise prices even when basic costs like rent and power rise.

Fundamentally lifting the wages of the average New Zealander is going to take a big structural shift. But employers need to play their part if we are to ensure the economy keeps growing. Productivity needs to be rewarded, investing in capital is crucial and productive workers who make businesses hum are the most valuable capital there is."



CHANGES COMING FOR WORKPLACES IN 2018

Government policies will benefit workers but may make life tougher for employers. In particular, the rise of the minimum wage by 75 cents to \$16.50 an hour from 1 April would be at the forefront of many employers' mind.

Also, the Labour Party has committed to implementing changes to the Equal Pay Act to give women in female dominated industries better access to collective bargaining and court processes for settling claims.

Paid parental leave is also set to be extended from 18 to 22 weeks from 1 July, while there are growing calls for employers to address pay equity and family benefits outside the legislative space.

Under Labour, contract workers look set to receive further statutory protections to bring them more in line with employees, while employees' collective bargaining rights will also be strengthened.

The Government plans to modify trial periods, adding a provision that bosses must provide reasons for dismissing new employees. This could create complications. Lawyers will be locked out of the dispute resolution process, compensation will be capped and referees' decisions will not be open to appeal. If instituted, this will mark a fundamental change to the current system and additional complications to the employment dispute resolution regime.



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SALARY AND RECRUITMENT TRENDS IN 2017

Looking back over 2017, the recruitment agency Hays Recruiting has released some interesting facts and figures. On questions relating to salary increases, employers responded:

- The average percentage salary increases given in the last salary review were:

10%	Nil
60%	Less than 3%
19%	Between 3 & 6%
8%	Between 6 & 10%
3%	More than 10%

- When you next review, by percentage do you intend to increase salaries?

5%	Nil
66%	Less than 3%
22%	Between 3 & 6%
5%	Between 6 & 10%
2%	More than 10%



- When the same question was asked of the candidates, the following results were obtained:

25%	Nil
44%	Less than 3%
15%	Between 3 & 6%
8%	Between 6 & 10%
8%	More than 10%

FLEXIBLE EMPLOYMENT ARRANGEMENTS

63% of businesses surveyed offer flexible salary packages, including bonuses, private health insurance, parking, and above mandatory superannuation.

74% of businesses surveyed offer flexible work practices, including flexible working hours, part time employment, the place of work, leave options, career breaks, phased retirement and job sharing.

COUNTER OFFERING WHEN STAFF RESIGN

52% would not counter offer, 45% would sometimes counter offer, and a mere 3% always counter offer.

Of those staff countered offered, 39% left anyway, 35% stayed longer than 12 months, and 25% stayed less than 12 months.

ECONOMIC OUTLOOK

Of the businesses surveyed, 75% has increased business activity, and 81% expected business activity to increase in the next 12 months.



TIME AND WAGE RECORD KEEPING

The importance of keeping proper time and wage records should never be underestimated. Section 130 of the Employment Relations Act 2000 details specific information that has to be recorded for each employee.

In addition to the employee’s name and address, there are requirements to keep details of the hours worked each day, the wages paid and the method of calculation. There is also a requirement for record keeping in the Holidays Act 2003.

Some information can be recorded in the employment agreement or in a work roster. No matter how the information is held, it has to be accessible to the employee and Labour Inspector, with historic records being available for at least seven years.

A number of businesses have found out that the cost of getting record keeping wrong, or not keeping records, has serious financial consequences. In addition, making good any under payment that may have occurred, these businesses were also fined for failing to keep records, including time records, wages books and employment agreements. The fines imposed for the breach ranged between \$4,000 and \$5,000 plus tens of thousands in wage arrears.

In the absence of records held by the employer, any arrears of wages claim will be based on information supplied by the employee.

Keeping good records is not only sound commercial sense, but also a legal requirement and is strongly enforced by MBIE.



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